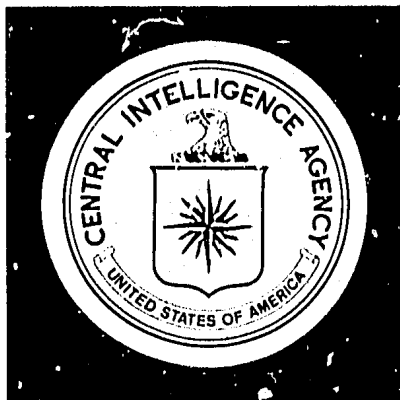


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DIRECTORATE OF
INTELLIGENCE

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Intelligence Memorandum

The Persian Gulf: The End of Pax Britannica

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21 September 1972

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
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INTELLIGENCE MEMORANDUM

The Persian Gulf: The End of Pax Britannica

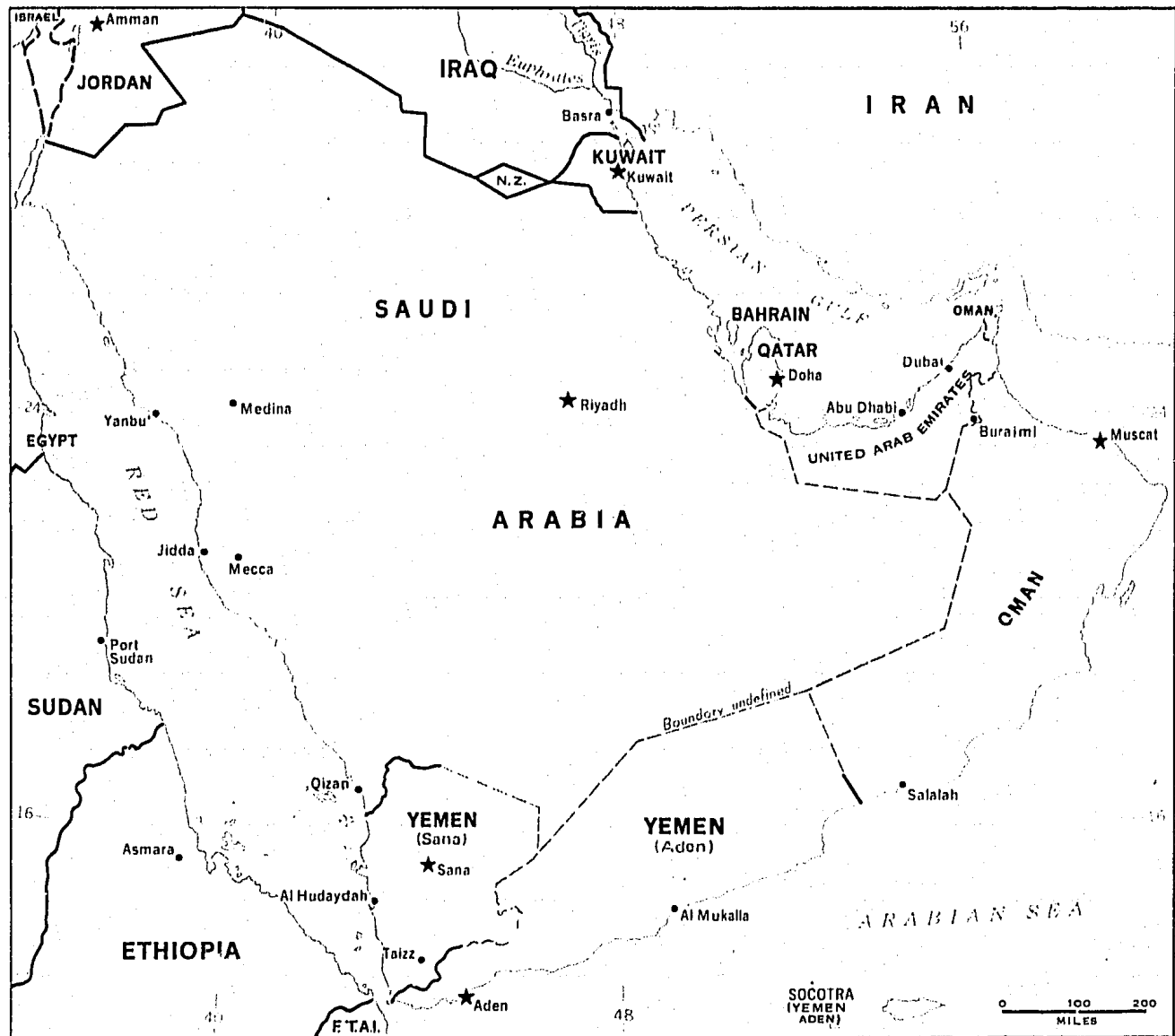
The *Pax Britannica* in the Persian Gulf has ended after more than 150 years, and three newly independent states have emerged. They will be seeking their way

X1 [redacted] Singly or in tandem, Iran and Saudi Arabia have been touted as candidates to fill the vacuum left by the British. If military power were the sole prerequisite of leadership, Iran could provide a *Pax Persica*, but the Shah is embroiled in disputes with Kuwait and Iraq at the head of the gulf and Abu Dhabi down the coast. Cultural and historical differences are added impediments to the exercise of leadership by Iran. Saudi Arabia seems precluded from the role of protector for many of the same reasons, although it does have a good deal of influence with the ruling families in Bahrain and Qatar.

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Two non-gulf states, Jordan and Pakistan, have stepped forward, primarily to offer trained and politically safe military and security personnel to replace British forces. But neither country is likely to become an effective force in gulf affairs. Regional cooperation or security arrangements will probably not develop in the near future, but the chances of success would be brightened if the difficulties that the United Arab Emirates is having with Iran and Saudi Arabia could be resolved.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.



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Background

Britain's decision of January 1968 to terminate its treaties of protection with nine Persian Gulf sheikdoms and to withdraw its military forces from the area by the end of 1971 signaled the conclusion of the last vestige of the 19th century's *Pax Britannica*. The dismantling of the British advisory and defense arrangements opened the way for political changes in the sheikdoms and ordained that their isolation from international affairs would be a thing of the past. Many knowledgeable observers believed that the British exodus would bring upheaval in its wake and open the area to revolutionary movements.

Three independent states—Bahrain, Qatar, and the seven-member United Arab Emirates—were established in the second half of 1971 as the British completed their withdrawal. An effort by the UK to get all nine of these sheikdoms to federate was wrecked by traditional antipathies and the fear of some rulers that they would be eclipsed by others. For Bahrain and Qatar, the transition from the status of protected sheikdoms to sovereign nations was a relatively painless procedure. The union of the other seven sheikdoms into the United Arab Emirates, on the other hand, was difficult. Three years of negotiations were required before the feuding sheikdoms, formerly known as the Trucial States, accepted union. Iran's threat to oppose a union of the Trucial States unless the Shah's claim to ownership of three gulf islands—Abu Musa and the two Tunbs—was recognized also inhibited the establishment of the union.

The oil wealth of the sheikdom of Abu Dhabi guaranteed that its ruler, Sheik Zayid, would be the dominant figure in the union. Now the president of the United Arab Emirates, Sheik Zayid has energetically involved himself in Arab world politics. He has traveled extensively and has contributed gifts and loans to other states. Zayid sees his international connections as potential assets if support is needed against Saudi Arabia or Iran and also thinks these connections will increase his prestige at home.

The rulers of Qatar and Bahrain, on the other hand, have been content to devote themselves to domestic affairs, and their countries remain in the backwater of Arab life. Qatar's ruler, Amir Khalifah al-Thani, was momentarily in the limelight in February 1972 when he deposed the former ruler, his cousin, in a quiet palace coup. Amir Isa, the ruler of Bahrain, is preparing a constitution and planning for the election of a constituent assembly. These political changes will probably be effected by the end of 1972.

Bahrain, with more than 200,000 people, has the largest and most sophisticated population of the gulf sheikdoms, but is not as richly endowed with oil as Qatar or Abu Dhabi. Qatar, whose population is about 130,000, had an oil income in 1971 estimated at \$200 million. Abu Dhabi, with a population of perhaps 60,000, had an estimated oil income of \$440 million in 1971. In per capita terms, it is the richest state in the world, although only ten years ago it was sunk in the traditional penury of desert isolation. Dubai, the largest of the seven members of the United Arab Emirates, has a population of about 75,000. It is the commercial center of the lower gulf coast with a flourishing entrepot and gold smuggling trade and has recently begun to exploit an offshore oil field. The population of the other five sheikdoms—Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah, and Fujairah—range from about 5,000 to 35,000. These sheikdoms are scarcely more than strips of desert and lagoon interspersed with poor fishing and agricultural villages. Only Sharjah has pretensions to prosperity. The principal sources of income for these sheikdoms are bizarre excursions into the field of international philately, rents obtained from oil companies for exploration concessions that have so far proved unrewarding, and stipends from Sheik Zayid. Their main hope is that some day they too may strike it rich with oil.

Critics of the Britain's decision to end its military and political commitments argued that, in the absence of a regional security system, the gulf would become subject to subversive movements, persistent conflicts between rival Arab states, and international tension between Arabs and Iranians that would be exploited by the Soviet Union. The result, they said, would be grave peril to Western oil interests and supplies. The political transition was relatively orderly, however, and the dire predictions have not yet been borne out. Although there has been wrangling and some tension, overt external military attack on any of the gulf sheikdoms seems unlikely. The political institutions of the new states are fragile, however, and their security may be threatened by other developments. Intra-ruling family disputes may lead to palace coups, which are usually unrelated to ideology; territorial disputes, revolutionary movements, or external disruptive influences could cause trouble; indeed, the union itself could break up.

Breakup of the union

Sheik Zayid's oil wealth is a powerful adhesive for the union, but at the same time it has led to jealousy and has raised questions in the minds of the rulers of the other six members of the union about the Sheik's intentions. Zayid's efforts to enlarge the Abu Dhabi Defense Force rather than the

Sheik Zayid chairing a meeting of the union's council of rulers.



union army provide evidence for those who suspect that the Sheik's goal is to become the sole ruler of the union. Some of Zayid's actions on the international scene—his recognition of the Soviet Union without consulting the other rulers and his controversies with Iran and Saudi Arabia—are regarded as high-handed and unwise by [redacted] and some of the other rulers.

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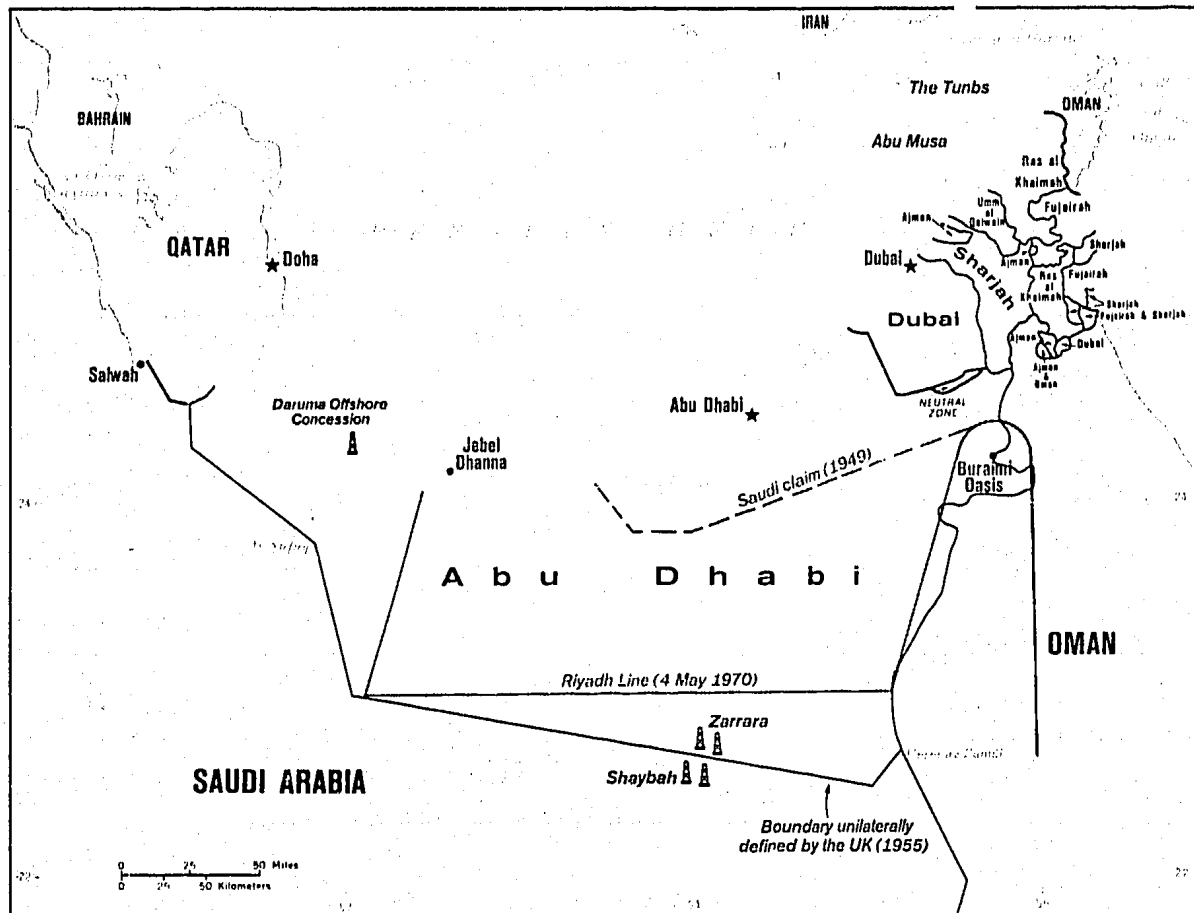
While none of the poorer sheikdoms seems likely to pull out of the union soon, several are keeping their options open by maintaining contact with Saudi Arabia and Iran. Ajman, 'Umm al-Qaiwain, and Ras al-Khaimah either have been securing, or are negotiating for, financial aid from King Faysal or the Shah. Zayid and the union government understandably oppose direct foreign assistance to a sheikdom and have requested that all aid be funneled through the union government.

The fragility of commitment to the union is also demonstrated by Fujairah's and Ras al-Khaimah's approaches to the Sultanate of Oman on possible union. Worsening relations between Saudi Arabia and Abu Dhabi, or Iran and Abu Dhabi, could lead to problems for the union.

Territorial disputes

The numerous territorial disputes in the Persian Gulf—most of them related in one way or another to oil issues—are probably the greatest threat

United Arab Emirates



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[REDACTED]

to regional stability and cooperation. Prominent among them is the long-standing quarrel between Abu Dhabi and Saudi Arabia that has disturbed relations between Sheik Zayid and King Faysal. The Saudi monarch refuses to establish diplomatic relations with the union until the matter is settled. Zayid's decision in early 1972 to exchange diplomatic missions with Moscow, although it has not yet been implemented, further irritated the Saudi monarch.

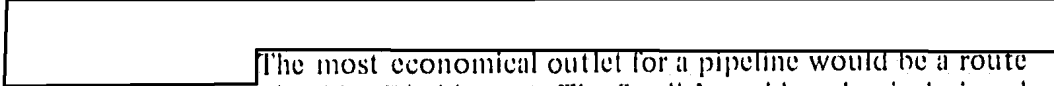
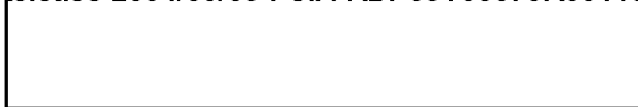
The core of the Abu Dhabi - Saudi dispute is popularly, but inaccurately, believed to be the ownership of the Buraimi Oasis. Its nine towns and villages are now divided between Abu Dhabi and the Sultanate of Oman, but, it is said, all are claimed by Saudi Arabia. In fact, King Faysal has indicated that he is willing to abandon his claim to Buraimi in return for border modifications elsewhere. As a face-saving device, King Faysal has suggested that a referendum be held in Buraimi to determine the preference of the inhabitants, or that a UN mediator visit the area to determine the residents' wishes. This was done in Bahrain in 1970 when Iran's claim to the island was laid to rest. The real barrier to reaching a settlement is the Saudi demand for a corridor to the Persian Gulf, to run between the Qatar border and a point west of Abu Dhabi's oil terminus at Jebel Dhanna. This would give the Saudis access to a bay that could be developed into a port. The Saudi territorial plan is known as the "Riyadh Line of 4 May 1970."

Sheik Zayid is reportedly willing to cede the Saudis a corridor to the gulf (though narrower than that sought by Faysal), to redefine the border, and to share potential oil revenues in certain disputed territories. But the Sheik contends that to give in to King Faysal's full demands would lead to the dismemberment of Abu Dhabi and the loss of at least a third of its territory. If the Saudis were to acquire a corridor and a stretch of the coast, it is not clear what this would mean for the existing Daruma offshore oil concession area. Oil has not yet been found in commercial quantity, but the prospects seem promising.

Zayid's proffered concessions have been rejected. A Saudi official has stated that unless Saudi demands are met by Abu Dhabi, his government may reassert the even more extensive claims it made in 1949. King Faysal's demand for a "window on the gulf" is publicly justified by the Saudis on the rather vague grounds of economic development and defense needs. More specifically, the Saudis want a corridor so they can lay a pipeline from the new, and not yet producing, Shaybah oil field to the coast.

[REDACTED]

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The most economical outlet for a pipeline would be a route straight north to the Abu Dhabi coast. The Saudis' corridor plan is designed to provide a site within Saudi jurisdiction that would serve not only Shaybah, but also any other Saudi fields in the Rub al-Khali area. Otherwise, output from this area would have to pass far to the north to the Saudi coast, through Abu Dhabi or Oman—the latter undesirable for security reasons.

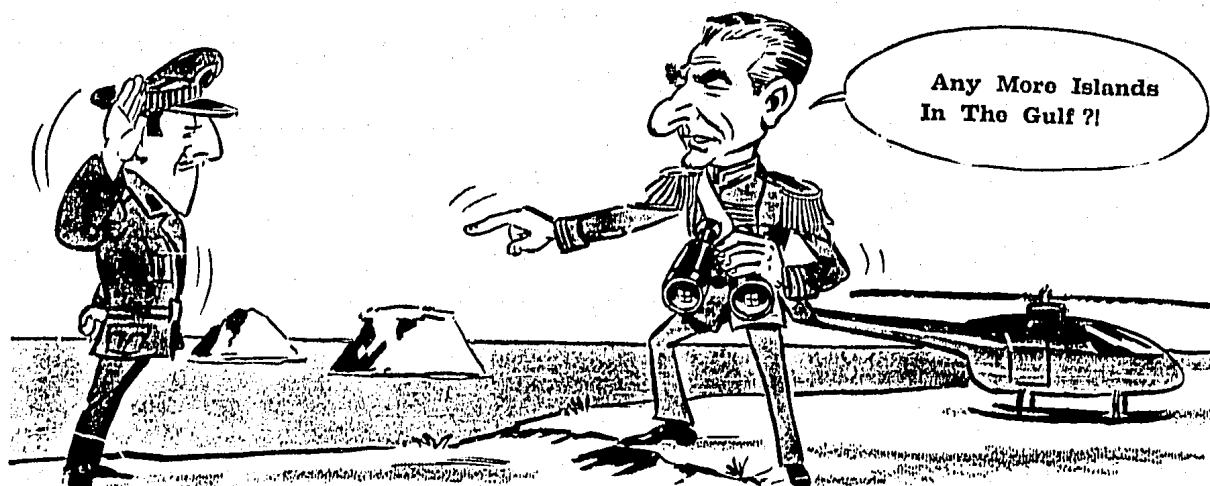
A Saudi military take-over of a gulf corridor is not likely; such an effort would be difficult to mount logistically and would have adverse political repercussions. Nevertheless, Saudi Arabia displayed its military capability when it moved several thousand National Guard troops to Salwah on the Qatar border in early 1972. This was presumably done to bolster the new Amir of Qatar following his ouster of the former ruler, but the troop movement may also have been designed to impress Sheik Zayid.

The US has tried to get the Abu Dhabi - Saudi territorial dispute off dead center, but the Saudis have been intransigent, talking about "sacred Saudi soil" and sticking to what appears to be a "take-it-or-leave-it" offer to Sheik Zayid. King Faysal is not convinced by US arguments that Sheik Zayid would be less likely to enter into ties with Iraq and other Arab radicals if the Saudis improved their relations with the United Arab Emirates. King Faysal's displeasure with Zayid was increased by Abu Dhabi's acquisition of jet fighter-bombers and tanks. The Saudis, who suspect that the weapons would only be used against them, have called the purchase "criminal and senseless." King Husayn of Jordan, wishing to carve out a role for himself in the area, has offered to serve as a mediator in the dispute. Husayn plans to visit Saudi Arabia in the near future and has already met with Sheik Zayid. The Jordanian monarch sought to convince Zayid that better relations with the Saudis and Iranians are a prerequisite for regional stability, but his efforts to resolve the territorial issue have so far shown no signs of success.

Relations between Sheik Zayid and the Shah of Iran are also marred by a territorial dispute. In late 1971, shortly before the termination of the British role in the gulf and just prior to the formal establishment of the union of the Trucial States, Iran took over three islands in the gulf—Abu Musa and the two Tunbs. Iran's claim to the small and sparsely populated islands had an historical basis. But more important was the Shah's conviction that the islands were strategically essential to Iran. If they were in unfriendly hands, he contended, they could provide bases from which Iran's vital shipping routes might be attacked. The Shah therefore made it clear that he would oppose any union of the gulf states unless he controlled the islands.



Kuwait Daily News



Demonstration against the Shah's occupation of three gulf islands.



1 The ruler of Sharjah, [redacted] eventually agreed to give in to the Shah in return for financial and economic aid from Iran. On 30 November—one day before the British responsibility for defense of the Trucial States lapsed—an Iranian naval task force landed a small garrison on Abu Musa without incident. As for the two Tunbs, the ruler of Ras al-Khaimah refused to negotiate. Nonetheless, an Iranian force landed there and skirmished briefly with the Ras al-Khaimah police. The message of this operation was not lost on the gulf rulers. Nonetheless, it aroused considerable resentment and provoked a loud outcry throughout the gulf.

Essentially, the islands dispute is a conflict between two different cultures, Arab and Persian. The Arabs resent Iranian intrusion into the gulf, and Sheik Zayid has not been content to drop the issue. In his travels and reception of Arab leaders, the Sheik has gone out of his way to flag the matter by frequently referring to Arab ownership of the islands and to the need to preserve the "Arab character" of the gulf. Zayid has probably been under some pressure from radical Arabs to pursue the issue, and Iraq has been the cheerleader for Zayid's comments, apparently hoping to reduce Iran's influence in the gulf by keeping the dispute alive. The Shah, who had felt that the gulf islands issue had been put to rest, has reacted angrily to Zayid's carping. Some Iranian officials, perhaps as a stratagem to frighten Zayid into silence rather than with serious intent, have suggested that Iran is "tempted to do something about Zayid."

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1 [redacted] [redacted]
Moreover, Iranian adventurism on the Arab side of the gulf would engage the Saudis and jeopardize any hopes the Shah might have of injecting Iranian influence into the area. Relations between the United Arab Emirates and Iran have been so strained that ambassadors have not been exchanged, although Iran has been given permission to open a consulate in Dubai.

There were indications in July 1972 that the differences over the islands were being resolved. Low-level talks between union and Iranian officials were under way, and negotiations for a meeting in Europe between Sheik Zayid and a personal emissary of the Shah were in progress. Since then, however, many of the Arab states, including the United Arab Emirates, have again publicized the dispute over the islands, this time via a letter to the UN Security Council. As a result, it seems unlikely that the Shah or any Iranian official, except perhaps the Iranian ambassador in London, will now meet with Zayid. The Shah has threatened to withdraw diplomatic recognition from the United Arab Emirates by 30 September if the controversy is not resolved to his satisfaction.

[REDACTED]

Another source of territorial disputes centers on oil exploration and exploitation in the Persian Gulf. A number of states have signed median-line agreements to set off areas for exploration, but not all have been able to reach accords. Currently under review are conflicting claims for exploration rights advanced by competing US oil companies that involve the offshore boundaries of Sharjah and Ajman and of Sharjah and Umm al-Qaiwain. On land, conflicts between the member sheikdoms of the United Arab Emirates resulting from complex family and tribal jealousies and the profusion of enclaves have led to frequent territorial disputes and to occasional violence.

[REDACTED]

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Revolutionary Movements

Revolutionary movements also pose a threat to the gulf states. Operating under the banner of Arab nationalism, a number of leftist clandestine groups are continuing to encourage domestic discontent. The unpopularity and conservatism of some ruling families, traditional tribal and dynastic rivalries, and the disorientation of populations swept into new social and economic situations by oil wealth are all sources of discontent. Until the 1967 Arab-Israeli war, much of the external support for subversive movements came from Cairo, but changing Egyptian policies since then have opened the field to other contenders for the revolutionary spoils, such as Iraq and Yemen (Aden).

[REDACTED]

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[REDACTED]

Among the other lower gulf states, dissident organizations are disunited and ineffective. Local security forces [REDACTED] will probably be able to cope with domestic threats for some time to come.

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The Baathist regime in Iraq, which is hostile to all sheiks, sultans, and shahs and has been trying to extend its presence and influence in Kuwait, Bahrain, and the United Arab Emirates, poses a threat to the gulf states. [REDACTED]

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[REDACTED]

Iraq apparently marked Bahrain for special attention during the first half of 1972, but its efforts were inept and largely unsuccessful. The sheikdom of Ras al-Khaimah, a member of the United Arab Emirates, is also considered to be a center of Iraqi activity. [REDACTED]

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[REDACTED]

Baghdad has long believed that it has a legitimate and important role in gulf affairs, and it is anxious to expand its trade and presence in the region. Suspicion of Iraqi intentions is strong in the area, however, and the Baathists' ability to achieve influence is limited, given Iraq's domestic troubles with the Kurds, its current financial problems, and its preoccupation with disputes with Iran. Although Iraq, the self-appointed leader of "progressive" forces in the region, has scored points with gulf radicals by championing the Arabs' condemnation of Iran over the islands issue, Baghdad's meddling in the gulf is still only a nuisance, not a serious threat.

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perhaps, to economic and military aid. In the long run, the USSR may encourage leftist movements, but it is unlikely to provide substantial equipment or support to any group before it has demonstrated its worthiness. There are, in fact, limits to the Soviet Union's freedom of action. Iran, for instance, is sensitive to great power presence in the Persian Gulf, and Iranian-Soviet relations would be tested by evidence of additional Soviet activity. The Shah is already discomforted by the Soviet-Iraq Treaty of Friendship and Cooperation.

Russia moved with alacrity in early 1972 to offer to exchange diplomatic missions with Bahrain, Qatar, and the United Arab Emirates. Only Sheik Zayid of the United Arab Emirates accepted the offer, doing so without consulting the other rulers of the union sheikdoms. Under pressure from several countries, Zayid has postponed the actual exchange of representatives, but he says that the agreement must be honored. An effort is being made to ensure that the Soviet mission in Abu Dhabi is small and that consulates are not set up elsewhere in the union.

Jordan and Pakistan are making intensive diplomatic efforts to establish themselves as significant actors in the gulf arena. King Husayn's growing interest in establishing ties with the gulf states is related, in part, to Jordan's estrangement from some Arab states such as Egypt. Rebuffed by his neighbors, the King has turned to one of the few areas in the Arab world where Jordan may still exercise influence, make friends, and secure badly needed financial assistance. In addition to offering military and security personnel to the new gulf states and Oman, King Husayn has been active on the diplomatic front. He has recently visited Sheik Zayid and the Shah, and will visit King Faysal soon. Husayn hopes on these trips to mediate Abu Dhabi's disputes with the Saudis and Iranians.

Pakistan has long had commercial interests in the gulf, and thousands of Pakistani workers are employed there. The defeat by India and the loss of East Pakistan last year led President Bhutto to emphasize ties with Muslim states, especially the more affluent ones in the Persian Gulf, where he might tap the oil wealth of the sheikdoms. By associating himself with Islamic states of the Middle East, President Bhutto hopes to gain political benefits among the Muslims at home.

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Conclusion

The United Arab Emirates' disputes with Saudi Arabia and with Iran are the major problems in the gulf. Although neither dispute is likely to produce armed conflict, each impedes moves toward cooperative security arrangements. Should the territorial disputes be resolved, however, the new gulf states—proud of their independence and suspicious of their bigger neighbors—are unlikely to rush into formal or informal arrangements with more powerful nations. In addition, the gulf states all suffer from domestic stresses and strains that could be aggravated by subversive elements. Important factors in determining how long the gulf states have to put their own houses in order will be the ability of the new states to hold external subversive influences at bay and whether the neighboring Sultanate of Oman can hold its extremist dissidents in check.